



كلية الدراسات المصرفية والمالية
College of Banking and Financial Studies

**CONFERENCE OUTCOMES AND
RECOMMENDATIONS:
FRAMEWORK FOR ACTION**



ICBFB - 2019

**International Conference on Banking,
Finance and Business**

**April 24 – 25, 2019
CBFS, Muscat,
Sultanate of Oman**

Strategic Partner

 <p>مجلس البحث العلمي The Research Council</p> <p>The Research Council, Oman</p>	 <p>البنك المركزي CENTRAL BANK OF OMAN</p> <p>Central Bank of Oman</p>	 <p>NiSM National Institute of Securities Market, India</p>
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CBFS VISION

CBFS vision is to become a leading institution for higher education in Banking and Finance in the region

CBFS MISSION

CBFS mission is to develop and offer internationally recognized programmes, capacity building, research and consultancy services, to meet evolving needs of Banking and Finance in the region.

CBFS VALUES

Quality Education
Stakeholder Commitment
Innovative Services
Educational Equity

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ABOUT CBFS

The College of Banking and Financial Studies (CBFS) is an apex government organisation for educating, training and conducting research in the banking and financial services sector in Oman. It was established in 1983 by a Royal Decree. CBFS operates under the supervision of the Central Bank of Oman and is supported by the commercial banks operating in the Sultanate of Oman. CBFS is the first Government College in Oman got accredited by Oman Academic Accreditation Authority. Over the past 35 years, CBFS growth has been supported by various Royal decrees that have enabled the College to diversify and broaden the services provided for the banking and finance industry. CBFS offers a broad range of Diploma, Bachelor's and Master's programmes, in areas related to Business Administration, Accounting, Auditing, Finance and Banking, in partnership with Strathclyde Business School and the University of Bradford. Driven by the desire to cater for local needs, CBFS launched its own Bachelor's degree programmes in 2014-15. CBFS provides professional certifications and conducts customized and open training courses in banking and finance related areas. CBFS has developed a research culture at the College, supports applied research and encourages consultancy activities. CBFS contributes to the national economy and provides support in building sustainable capacity within the community.

1. About Conference

1.1 Introduction

International Conference on Banking, Finance and Business – ICBFB2019 was organised by College of Banking and Financial Studies (CBFS) in strategic partnership with Central Bank of Oman (CBO), The Research Council (TRC) Oman and National Institute of Securities Market (NISM) Mumbai, India. The conference has highlighted the issues related to the opportunities, challenges and global practices relevant to the development of banking and financial sector; macro and micro economy and business practices. It is expected that the conference outcome and recommendations will provide insightful directions for effective policies, plans and strategies in the near future for banking, finance, economic and business practices across the globe. The scholarly, conceptual, empirical and practitioner papers that address the conference theme of integrating research, practice and teaching were presented in the conference.

1.2 Conference Objectives

The main objective of the conference was to provide a forum to the academics and scholarly experts and practitioners to share their knowledge, research and experiences for the development of banking and finance, economics and business.

1.3 Conference Theme

The sub-themes of the conference were: Banking, Finance and Economics and Business.

1.4 Participants

Academics, researchers, doctoral students and practitioners in any field of banking, finance, economics and business were presented their papers and participate in the conference.

1.5 Conference Proceedings

CBFS has conducted its first International Conference on Banking, Finance and Business – ICBFB 2019 on 24 & 25 April 2019 at its Bausher campus under the auspices of H. E. Sheikh Abdullah bin Nasser bin Abdullah Al Bakri – Minister of Manpower.

Several eminent personalities were keynote speakers for the main sessions of the two-day conference. H.E. Tahir bin Salim Al Amri, Executive President of CBO addressed the gathering on the current trends on banking, finance and business. Prof. LIM Kian Guan, Vice Provost of Singapore Management University, in his keynote address shared the investigation on the conundrum whether the Credit Default Swaps (CDS) market is informed relative to the equity market. Prof. Zahir Irani, Executive Dean of Faculty of Management and Law and Faculty of Social

Sciences of University of Bradford threw light on a management perspective of organisational factors that contribute to the reduction of food waste.

Dr. Ronald Michael Bradfield, Director, Strathclyde Business School, UAE Campus spoke about how to address change, as it is argued that the rate of change impacts profound turbulence, complexity and uncertainty. Dr. Said Al Saqri, Chairperson of Oman Economic Association focused on the contemporary global and local economic factors, while Prof. M. Thenmozhi, Director National Institute of Securities Markets, India spoke about globalization and its impacts on emerging economies to attract capital inflows as they also make the markets vulnerable to global crisis.

The College had received around 123 submissions of which 72 of these research papers were presented at the conference in three concurrent sessions held under the sub-theme of banking (17), finance and economics (28) and business (27), with an overall acceptance of 59% of conference submissions. Overall, 40% of presenters were from abroad and the rest were from Oman.

The paper presenters were from France, United Kingdom, Germany, Italy, India, Malaysia, United Arab Emirates, Bahrain, Saudi Arabia, Iran and Iraq in addition to presenters from Oman.

Best paper awards for each sub-theme of banking, finance & economics and business were awarded. The abstract of all papers presented will be included in the conference proceedings with ISBN, and will be indexed by EBSCO host database. Based on the outcome of the conference, a policy recommendation report will be submitted to appropriate authorities. Seven top rated international peer reviewed scientific journals published by Elsevier, Emerald, Sage and Indersciences are partnered with the conference. High quality papers will be selected by these publishers for publication in their journals. These journals are indexed by Scopus and Web of Sciences.

2. Recommended set of Policy and Programme options for Banking Sector

2.1 Recommended actions for engaging organizational learning and increasing productivity in Banks

Recommendation 1: Bank employees and their supervisors should involve themselves in the decision making process to develop and review the organizational strategy and policies. This strategy will allow the company benefit from the knowledge, skills and experiences gained from organizational learning to bring further development and growth to the institution. The need for team work and group learning can therefore not be over emphasized, and all employees should be encouraged to share their ideas.

Recommendation 2: Bank employees should enroll for continuous learning to improve their skills, innovative capability and to expand the organization's knowledge resource. The banking industry in Oman and by extension the entire GCC is currently facing dynamic changes. To survive in such scenarios, bankers must continuously learn to develop new methods of facing new challenges as well as developing new strategies to reach more customers. Such knowledge would therefore be a great source of competitive advantage.

Recommendation 3: Motivation is an important factor that influences the productivity of an employee. Motivation should also be viewed in with respect to employees' personal and career goals. Such strategies would enable the organization understand strategies that would enable them motivate their staff and hence make them enjoy the benefits of organizational learning. Common forms of motivation include cash rewards, career development trainings, flexible working hours and awards.

Recommendation 4: Organizations should embrace organizational learning which encourages sharing and storage of vital knowledge and skills in the organization. It is dangerous for example in scenarios where only one employee has an important skill depended upon by the organization. Hence, banking institutions should therefore invest in developing a talented workforce. One way of developing a talented workforce is exposing them to organizational learning so that that they are able to learn in their working environment.

2.2 Recommended actions for improving customer e-services in Banks

Recommendation 5: In order to make E-banking more popular bank must segment the customers based on demographic priority (i.e., age, gender, occupation, etc) and customize E-banking services as per their needs and requirements.

Recommendation 6: In order to reduce the complaint against the E-banking services there is a need for continuous up grading the technological infrastructure.

Recommendation 7: As customers turn to online and mobile banking to manage their financial accounts at an ever-increasing rate, it becomes more important for the bank to understand their

customer's unique online needs and provide a secure and user-friendly experience for accessing financial information and conducting financial transactions.

Recommendation 8 Banks and authorities are required to ensure the e-banking services are safe and secure to be used and more importantly to ensure that the customers perceive it as such. Furthermore, the authorities are required to put in place all the necessary logistics and laws that allow for the proper and safe running of the system.

2.3 Recommended actions for promoting web-based financial reporting disclosure in Islamic banking

Recommendation 9: Recommend Islamic banks in Oman to use the online disclosure to exhibit their financial content and exhibit their financial presentations.

Recommendation 10: Using social media to exhibit the Online Financial Reporting Disclosure in Islamic banks in Oman

2.4 Recommended actions for building banking business models free of financial crisis and performance efficiency

Recommendation 11: Managers and regulators (for both Islamic and convention banks) need to revise their focus on intangible, knowledge-resources to sustain competitive advantage in the market.

Recommendation 12: In the context of significant erosion of trust in the interest-based conventional banking system, the insights provided into the Islamic ethical banking model guide the managers of CBs on how to achieve consistency between the brand values and staff behaviour to improve their relationship with stakeholders and restore.

Recommendation 13: Increasing the awareness about Intellectual Capital (IC) enhances the survival probability of banks (both conventional and Islamic) and also value creation. There is a positive relationship between IC, financial capital and accounting performance of both sets of banking; however, IC and financial capital are only significantly associated with the market value of Islamic banks.

Recommendation 14: The commitment of commercial banks to sustainable development is foremost, considering the essential part they play in financing the monetary and formative exercises of the world. This examination intends to analyse the role of commercial banking board structure on sustainability reporting with an emphasis on the utilization of the Global Reporting Initiative guidelines (GRI).

Recommendation 15: Corruption is deemed to be costly for economic activity due to higher return on the scale. There is a need for strong governance structures as well as an effective policy framework to reduce the, corruption.

2.5 Recommended actions for understanding the effect of digitization on the business model of cooperative banks

Recommendation 16: Encourage Omani entrepreneurs to learn from the cooperative business model. Emphasis needs to be put on the approach of integrating the responsibility for the local community within the corporate DNA?

Recommendation 17: Foster the prosperity of cooperative banks in the Sultanate of Oman as they represent a sustainable opportunity to simultaneously provide inclusive banking services and enhance local development.

Recommendation 18: Establish a legal, political and economic framework which suits the establishment of cooperative organizations because they benefit from robustness during crises and add stability to various sectors of the economy.

Recommendation 19: The business model and the value chain of cooperative banks is shaped by the digitalisation. Banks need to capitalise on their network structure, increasing the active member participation through digital media and creating digital closeness that can help cooperative banks to continue their success story in a digitalised market environment.

2.6 Recommended actions for rent seeking and efficiency of GCC banking sector

Recommendation 20: Regulatory authorities need to implement improved governance mechanisms in the banking sector to reduce the impact of rent seeking on banking sector efficiency.

Recommendation 21: Policy makers should avoid an 'one-size-fits-all' view of governance mechanisms for all sectors.

2.7 Recommended actions for E-Banking, Technology for Cashless Society

Recommendation 22: Banks and Government take an initiative step to promote the cashless Society system for need not to carry money in the form of coins or cash, which will reduce insecurity and crime. Banks should provide incentives for using technology for financial transactions.

Recommendation 23: Bank should educate the customers to avoid the frauds, funds misappropriation.

Recommendation 24: Provide fast network services to make Technology enabled services more popular and Reduce service charges for E- Channel to make it popular & affordable.

2.8 Recommended actions for Islamic Banking Recovery Process and Its Parameters

Recommendation 25: From risk and reputation point of view, ensuring Shariah compliant in handling recovery process is as important as ensuring products of an Islamic bank comply to Shariah. Below are certain processes to be observed:

(a) Issuance of Reminder

To set certain parameters in issuance of reminder which is in line with Shariah principle (e.g calling hour, proper greeting, speaking and listening term as well used)

(b) Repossession of Asset

To portray Islamic way of collection (e.g to present authorization card to customer and verify customer's identity before divulging the information, to ensure the customer well informed on the default payment)

Recommendation 26: Specific treatment for particular cases:

(a) Treatment of recovery based on contract

To differentiate the treatment on *Murabahah*, *Musharakah*, *ijarah*, etc based on the nature of the contract.

(b) Treatment for genuine case by giving Moratorium

To give a grace period to the customer to an agreed date in which the purpose is to provide ample time to customer until he is able to pay. Besides, another treatment that is suitable for genuine cases is waiver of fees and accumulated profit.

(c) Treatment based on severity of non- performing cases

In line with *Maqasid Shariah*, the treatment should follow the priorities of preserving wealth (*awlawayat of hifz mal*) in which the customer treated based on their condition (*Dharuriyyat, Hajiyyat, Tahsiniyyat*).

Moreover, there are some areas that need to be considered:

- 1) Related to the customer's dependent and liability
- 2) On the business profile of the company whether it brings the benefit to society or not.

Recommendation 27: Foreclosure – A need for convenient, transparent and efficient process of auction to ensure the genuineness of the bidder, the fair price and the fee. Transparency is anticipated to reduce syndicate activities as the identity of some bidders is confidential and large amount of bidders will deter the syndicators from negotiating with other bidders to forgo the bidding. Nevertheless, to avoid any uncertainty in the implementation of this auction, Shariah urges the use of true identity of bidders.

2.9 Recommended actions for financial inclusion

Recommendation 28: There is a need to promote financial inclusion as one of the main pillars of economic development in Oman through enhancing financial literacy which will mitigate the problem of financial exclusion in the Sultanate of Oman.

2.10 Recommended actions for developing awareness for bit-coinage

Recommendation 29: Block chain Management and bitcoins are the future of the world economy as envisaged by the economists across the world. In order to develop awareness about this, there is a need to:

- (a) Spread awareness about bitcoin in all the countries.
- (b) Ensure legality for the transactions though done digitally.
- (c) Create an authority to report the complaints and grievances.
- (d) Organisations at country level to be raised to educate people about the same.
- (e) Organize workshops to spread and educate people about the awareness of cryptocurrency.
- (f) Introduce Courses on cryptography, digital currency domains to be at the higher educational level.

2.11 Recommended actions for practices, processes and challenges to product development in Islamic Banks in Oman

Recommendation 30: Since Islamic banks are still at an infant stage, CBO should be flexible to the Islamic banking industry regarding stringent regulations on Shariah requirements and the banking operations as this will improve their competitiveness in the market.

2.12 Recommended actions for assessing the impact of Regulatory capital on financial performance of commercial banks

Recommendation 31: Commercial banks should comply with the Basel Prudential norms such as maintaining minimum regulatory capital in line with the Basel norms.

2.13 Recommended actions for adopting digital banking in the retail banking sector

Recommendation 32: Banks need to continue to innovate in digital banking to provide more value-added services to the customers. The awareness also has significant impact on adoption of digital banking. Hence, banks should offer proper education to the customers in order to create awareness about the usage of electronic related banking transactions.

Recommendation 33: In the modern of banking context, sustainable development is achieved through concept of green banking through

- (a) Make green banking services more secure, more convenient and easily accessible.
- (b) EFT facility through ATMs should be introduced other than state bank of India branches in Bhatkal Taluk
- (c) Extend On line banking facilities popularized in rural area and where it is lacking
- (d) Provide fast network services to make Technology enabled services more popular.

- (e) Introduce secured Biometric technology at ATMs is conveniently easy to use by the bank customers.
- (f) Introduce Green banking infrastructure like Swipe machine, solar powered ATM's, Green Channel counter etc.
- (g) Bank should conduct more training programme to bank customers, personal contact programme, make more advertisement for green banking services.

3. Recommended set of Policy and Programme options for Finance and Economy

3.1 Recommended actions for enhancing foreign direct investment (FDI)

Recommendation 34: Craft and implement a policy framework to strengthen and sustain the efficacy of institutions of clear property rights protection, improving fiscal, business and trade freedom through introduction of entry incentives and transaction flexibility towards an open economic model.

Recommendation 35: Strengthening the legal framework, combating corruption and reducing subsidies and other forms of favoritism towards state - owned enterprises. Such clear policy measures, aimed at channeling FDI flow toward targeted sectors, would enhance Oman's diversification strategy, foster economic growth and increase welfare.

Recommendation 36: Policy makers need to identify and develop the micro and macro factors that are useful for making the country more lucrative for FDIs.

Recommendation 37: The investors in Sultanate of Oman need to be more rational in their investment decisions and should not be influenced by Herding bias, Prospect Bias, over confidence bias, Anchoring and Illusion of control Bias while taking investment decisions. Realization of these biases can help them to take better investment decisions and minimise risk.

3.2 Recommended actions for promoting stock market performance in Oman

Recommendation 38: The policy makers should consider the economic and monetary policy developments taking place in economically linked countries with Oman, and their spillover effects on Oman economy and stock market performance

Recommendation 39: Debt acts as a corporate governance mechanism and how firm should use capital structure to enhance the performance should be incorporated in the charter of corporate governance for the list public companies in Oman.

Recommendation 40: Time series models such as ARIMA could be used by policy makers in forecasting financial and economic data, apart from trader, borrowers and arbitrageurs developing trading models that leads to better investment decision and returns.

Recommendation 41: The regulatory authorities in Oman need to provide a much stronger framework to ensure commitment by firms towards corporate social responsibility (CSR) disclosures.

Recommendation 42: Bondholders should take into consideration not only the financial but also the non-financial information of the firms to resolve the information asymmetry issues between themselves and bond issuers.

Recommendation 43: Past and current profitability is important in influencing the magnitude and the propensity to change (increase or decrease) dividends in Omani firms.

Recommendation 44: Co-integration test and the vector error correction model (VECM) may be used by policy makers to show evidence of cointegration between some of the stock price indices of the GCC countries and those of the emerging Asian countries.

3.3 Recommended actions for improving macroeconomic environment and companies performance in Oman

Recommendation 45: Oman should diversify its revenue source to maintain stable economic growth.

Recommendation 46: There is a necessity to closely monitor the balance of payments bottom line. This can be achieved through the simultaneous management of capital flows and of the current account.

Recommendation 47: To introduce budget airlines as they provide significant value to an economy in their promotion of longer stays and help to generate further inbound visitor numbers in Oman.

Recommendation 48: There is need for more financial literacy programs by the government for working adults and individuals nearing retirement in order to ensure proper financial well-being post retirement. This can be achieved through information and education: opening channels of information regarding investment opportunities.

Recommendation 49: The regulatory authorities in Oman need to provide a much stronger framework to ensure commitment by firms towards corporate social responsibility (CSR) disclosures.

Recommendation 50: Bondholders should take into consideration not only the financial but also the non-financial information of the firms to resolve the information asymmetry issues between themselves and bond issuers.

Recommendation 51: Companies must make policies by considering the relationships with customers and suppliers; keeping in mind the trade-off between liquidity and profitability. The

companies must try to collect receivables early without harming sales and try to make best use of trade credits without harming the relationships with suppliers.

Recommendation 52: There is a growing interest in the role of family influence in the GCC emerging markets, where firms are typically controlled by families. There is a need to support Family power as they assist firms in mitigating risks associated with under- and over-investment and, thereby, improves the level of investment efficiency.

4. Recommended set of Policy and Programme options for promoting Business

Recommendation 53: Encourage all GCC countries to create a compliance department concerned with the application of laws in all its aquaculture governance aspects, which is reflected positively on reducing cost, risks and increase production in the industry.

Recommendation 54: Increased international cooperation and interaction among the GCC countries to promote and increase infrastructure support for the Blue Economy, which helps achieve sustainable development goals.

Recommendation 55: Develop entrepreneurship courses at undergraduate level including field visits, dummy projects, and interaction with entrepreneurs.

Recommendation 56: Universities should start incubators to help student entrepreneurs.

Recommendation 57: Develop entrepreneurship aimed at developing diversification of revenue sources to maintain stable economic growth.

Recommendation 58: There is a need to promote the technological aspects of logistics sector which will help saving time, stronger security, maximizing productivity and minimizing cost which are key factors for the economic growth.

Recommendation 59: Increase staff training in vocational and tertiary educational institutions to make educational systems more responsive to market demands through encouraging private sector and education institutions collaboration.

Recommendation 60: Promote vocational training as an alternative to university education.

Recommendation 61: Introduce compulsory internship in all Higher Education Institutions in Oman as a national policy. That would deal with many dislocations in graduate unsuitability for labour market and gaining industrial experience and culture during one's time at college.

Recommendation 62: Establish polytechnics offering apprenticeship training and education which produced much needed technicians for industry and the country which will reduce unemployment in the country and reduce pressure of recruitment in government sector like is the case in Germany and UK.

Recommendation 63: The introduction or revamping of Programme Advisory Boards at HEIs that will meet every 3 months and with a minimum of six different industrialists as members, who should be experts in their given specialization for effective checks and balances and critique as well as updating syllabus.

Recommendation 64: Revisit the minimum HEI entrance requirements to upgrade standards.

Recommendation 65: Diversity in HEI faculty where expatriate faculty were recruited from all corners of the world to benefit students from the rich five continental experiences rather than having most faculty from Asia.

Recommendation 66: Promote actively the accumulation of strategic information, accompanied with strategic management of market information, that proves to have a positive influence on the working of SMEs, and could also greatly aid in reducing the level of uncertainty, due to asymmetric nature of information available in the competitive markets.

Recommendation 67: Actively promote the collection and analysis of market information and associate with the formulation of informed decision with respect to the planning of business activities and adding more value to SME supply chain.

Recommendation 68: Government should encourage SMEs as they offer a way to diversify the economic infrastructure and pave for other business activities to facilitate the process of capital formation, increase employment opportunities and boosts uptake of innovative practices.

Recommendation 69: The strategic management of information helps in refining of business plans, and re-aligning of goals and objectives with respect to the needs and demands of consumer.

Recommendation 70: Develop National Integrated Entrepreneurship Development Strategy (NIEDS) anchored on innovative education system and government effectiveness for sustainable economic diversification

Recommendation 71: Government could explore the consolidation of various entrepreneurship development institutions into one agency (“one-stop centre”) so as to strengthen coordination, organisation and supervision of the ecosystem.

Recommendation 72: The higher education sector needs to be repositioned - a comprehensive reform of the current curricula - to serve as a more visible collaborative driver in the desired change for sustainable entrepreneurship, especially in advancing women and youth entrepreneurship development.

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